

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1879 – SB 2497

April 18, 2016

SUMMARY OF ORIGINAL BILL: Establishes a course access program which authorizes all Tennessee students to take courses not offered at their school or local education agency (LEA) from online education providers, other schools or districts, education service agencies, colleges, or vocational providers. Authorizes students to enroll in any approved course access program courses, as determined by their LEA. Authorizes students to enroll in two state program access courses unless a student is approved to take additional courses by their LEA beginning in the 2017-2018 academic year. Authorizes students' families to enroll students in additional courses exceeding the two-course limit; however such students shall be responsible for paying the state or LEA the required tuition and fees for all courses exceeding the two-course limitation.

Requires the Department of Education (DOE) to run the program which includes authorizing new courses and establishing a process for course providers to submit new courses at least once each academic year. Specifies the requirements to become an authorized course provider. Requires the initial authorization for providers and courses to be a part of the program to be three years. Requires approved course providers to submit certain information to the DOE annually.

Specifies the requirements for course providers to be renewed after the initial three year period. Authorizes DOE to deny approval to such providers. Requires DOE to maintain information on the state's access program on its website. Requires LEAs to provide written notification to students and parents regarding the availability of courses; the deadlines for enrollment; and other information. Requires credits for course access programs that are passed to appear on the student's transcript and requires such credits to count toward the requirements to receive a high school diploma. Requires performance data for students who enroll in a course access program to be counted as part of the state's student achievement data.

Requires the tuition rate for each course and course provider to be set at a rate to be negotiated by the DOE and the course provider. Requires tuition to include all fees and courses materials. Requires course payments be made by the DOE on behalf of the LEA in which the participating student resides. Authorizes LEAs to pay for transportation for students enrolled in course access program courses. Requires course providers to receive 50 percent of the total tuition amount upon a student's enrollment and 50 percent upon the student's successful completion of the course.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$596,400/FY16-17
\$4,396,400/FY17-18
\$6,396,400/FY18-19
Exceeds \$8,396,400/FY19-20 and Subsequent Years

SUMMARY OF AMENDMENTS (013667, 014680, 016223): Amendment 013667 deletes and rewrites the bill such that the substantive changes are to: (1) change the authorizing authority for course access programs from the Department of Education (DOE) to each local education agency (LEA); (2) remove the right of appeal to the DOE if an LEA denies a student's request to enroll in a course; (3) require the State Board of Education (SBE) to promulgate rules by which LEAs authorize course providers and for the SBE to include a web link to its rules; (4) require LEAs that are participating in the course access program to establish a course review and approval process; (5) require LEAs to annually report to the DOE certain program information; (6) require LEAs to annually review the academic performance of the students enrolled in the courses to ensure that the courses are aligned with state academic standards; (7) authorize LEAs to revoke a course provider's status; (8) authorize LEAs to enter into reciprocity agreements with other LEAs for the purpose of authorizing and approving high quality providers and courses; (9) require the course provider to receive payment from the LEA for each eligible student at a rate negotiated between the LEA and the provider; and (10) authorize the SBE to cap the amount of funds that may be charged for a particular course.

Amendment 014680 deletes and rewrites Section 6, subdivision 2 of amendment 013667 relative to state and federal student data privacy statutes such that the only change is to clarify it includes protection of personally identifiable information of students.

Amendment 016223 deletes and rewrites Section 7 of amendment 013667 such that the substantive change is to require that course access courses be offered by schools that are graded A, B, or C according to the Department of Education's grading scale, pursuant to the Chapter 680 of the Public Acts of 2016.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase Local Expenditures –
Exceeds \$100,000/Per Participating LEA/Permissive

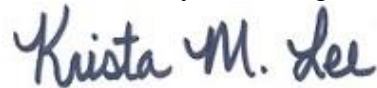
Other Fiscal Impact – State Basic Education Program (BEP) funding of unknown amounts will transfer from one LEA to another if students elect to take a course in an LEA that is not their home LEA.

Assumptions for the bill as amended:

- The DOE will not hire additional personnel or create new website applications or a database to house program information.
- The SBE will promulgate program rules and regulations as required by the bill as amended in the normal course of business without a significant increase in state expenditures.
- LEAs are not required to participate in the program or approve a set number of courses in each LEA.
- If LEAs approve program courses, and if students elect to take a course that is outside their home LEA, then state BEP funding in the amount of a course's tuition shall shift from a student's home LEA to the LEA where the student is taking the course. The total amount of any such shift is dependent upon the decision of each LEA and its students and cannot be reasonably quantified.
- LEAs that choose to participate may also incur expenditures for additional personnel to oversee the course, to set up and maintain a process for approving and annually evaluating courses, and other actions necessary to meet the requirements of the bill as amended. The permissive and recurring increase in local expenditures cannot be precisely determined; however, such expenditures relative to any participating LEA is reasonably estimated to exceed \$100,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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